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No.

In the Supreme Court

OF THE

United States

OCTOBER TERM, 1981

VINYL PRODUCTS MANUFACTURING, INC.,
a California corporation,
and
RICHARD FRAIGE, an individual,
Petitioners,

vs.

CALCO-HAWAIIAN IMPORT-EXPORT CO.,
a California Corporation,
PAUL D. CALLEANCE, and
BODY COMFORT WATERBEDS, INC.,
a California Corporation,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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QUESTIONS PRESENTED

1. Does imposition of the burden of demonstrating "non-obviousness" on a patentee violate the Patent Act of 1952, 35 U.S.C. §282, which establishes a presumption that any patent issued by the Patent Office is valid?

2. Is "synergism" a requirement for patentability of a so-called combination patent, and if so what is the correct definition of "synergism" and what are the correct standards for determining its presence or absence?

3. Does Rule 52(a), F.R.Civ.P. and inherent obligations of the federal judicial system to provide a reasoned basis for decisions, require that a district court issue comprehensive Findings of Fact and Conclusions of Law when it issues a judgment following Bench trial of a complex matter?

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BODY COMFORT WATERBEDS, INC.,
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Respondents.

Petition for Writ of Certiorari
to the United States Court of Appeals
for the Ninth Circuit

The petitioners, Vinyl Products Manufacturing, Inc., and Richard Fraige, pray that a Writ of Certiorari issue to

review the judgment of the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW

The Memorandum Opinion of the Court of Appeals is unreported; it is reprinted in the Appendix to this Petition at 31A to 37A. The unreported April 15, 1981 Order of the Court of Appeals denying petitioners' timely Petition for Rehearing and Suggestion of Rehearing En Banc is reprinted in the Appendix at 41A. The Bench Opinion of the United States District Court for the Northern District of California, which is also unreported, is reprinted in the Appendix at 1A to 19A. The unreported Judgments of the district court are reprinted in the Appendix at 20A and 26A.

JURISDICTION

The judgment of the Court of Appeals was filed February 4, 1981. A timely

petition for rehearing and suggestion of rehearing en banc was denied by a minute order dated April 15, 1981. The jurisdiction of this Court is invoked pursuant to 28 U.S.C. §1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOKED

UNITED STATES CONSTITUTION

Article I, §8, infra, Appendix at 45A.

STATUTES

Patent Act of 1952, 35 U.S.C. §103, infra, Appendix at 46A.

Patent Act of 1952, 35 U.S.C. §282, infra, Appendix at 46A to 47A.

Rule 52(a) of the Federal Rules of Civil Procedure, infra, Appendix at 48A.

INTRODUCTION

This case involves the question of whether a waterbed patent duly issued by

the United States Patent Office is valid. In a confusing Bench decision, the district court ruled that the claims of the subject Fraige patent were either invalid or not infringed. On appeal, the Court of Appeals did not reach the infringement issue. It held that the claims of the Fraige patent were invalid because they were "obvious" under 35 U.S.C. §103.

This holding of invalidity flies in the face of the presumption of patent validity set forth in 35 U.S.C. §282, as well as numerous consistent decisions of the United States Patent Office in issuing not only the Fraige patent but also many subsequent and related water bed patents (including one covering the accused device in this case). It therefore raises important questions concerning the meaning of

the Patent Law, the operations of the Patent Office and judicial review of Patent Office decisions. Further, the Court of Appeals' decision distorts this Court's so-called "synergism" test, in conflict with the application of that test by numerous other circuits. Finally, the judicial determination of invalidity is based upon inadequate (indeed opaque) findings of fact and conclusions of law by both the Court of Appeals and the District Court, calling in question important issues of compliance with Rule 52(a), F.R.Civ.P.

Both of the opinions of the lower courts in this case leave the unmistakable impression that the waterbed industry is unworthy of patent protection or indeed, even of serious discussion. This attitude ignores the fact that waterbeds have long

been used for therapeutic and medical purposes. See Ewald Patent, 1,943,888 (1934); Lilla, et al., "Flotation Mattresses for Preventing and Treating Tissue Breakdown," Geriatrics (September 1975) at 71. They were also used on ships. Corduan Patent No. 211,705 (1879). Moreover, largely through the enormous growth of residential use of waterbeds, the waterbed industry has expanded over the last two decades into a substantial economic force. As of the time of trial, waterbeds constituted a $200,000,000 annual sales industry with widespread public acceptance. See "Improvements Help Waterbeds Shed Their Novelty Tag," 49 Advertising Age 26 (1978). The industry has since grown to annual sales of nearly $750,000,000 in 1980. Flotation Sleep Industry, May 1981 at 23. Thus, waterbeds are not only useful but

commercially successful. As such, they are just as entitled to patent protection as is any other device that is new, useful and nonobvious.

STATEMENT OF THE CASE

In its simplest form, a waterbed mattress is a waterproof bag which, when filled with water and placed within a rigid frame, takes the shape of a mattress. Persons accustomed to the relatively firm and solid support of conventional solid mattresses often find such a waterbed mattress disconcertingly unstable as a result of wave action that results from any movement on the mattress. They also encounter difficulty getting into and out of such a waterbed. When they sit upon the bed they tend to "bottom out" and when they lie near the edge of the waterbed mattress they may become lodged uncomfor-

tably against the frame. (RT 343:1 to 345:8; RT 472:15 to 473:1.)

In 1973, plaintiff Richard Fraige and his co-inventor, Jerry Read, invented a waterbed mattress that solved these problems. They added to the interior upper edge periphery of the waterproof bag a buoyant, air-filled tube which supports the bed user resting on the edge of the waterbed mattress. This pneumatic tube provides moving and buoyant edge support that allows a person to sit on the edge of the bed without "bottoming out", and prevents a perron lying on the bed from becoming wedged against the frame, and dampens wave action, thereby providing a more stable sleeping surface. (RT 427:15 to 473:1.) These benefits result from the unique interaction of the buoyant air-filled tube and the water-filled mattress,

triggered by the waterbed user.

The Fraige invention is a milestone in the waterbed industry. Prior to Fraige, others had used rigid, air-filled tubes to form the side structure of a waterbed, a concept known as an "airframe" mattress. See Shields Patent No. 3,766,579 (1973); Penn Patent No. 3,778,852 (1973); Pennington Patent No. 3,787,907 (1974). But no one in the residential waterbed industry had succeeded in using the buoyant properties of air to provide edge support without rigidity. In other words, Fraige's invention located the optimal middle ground between the unstructured and relatively uncontrolled waterbag and the too-rigid airframe, preserving the best elements of each design while eliminating the undesirable characteristics of each.

Only after the Fraige patent did the

concept of air-water mattresses really take hold in the waterbed industry. Fraige's patent was followed by nearly a score of patents dealing with air-water mattresses combinations, providing for bouyant edge support through use of pneumatic devices. (See patents listed infra at 36, n.3.)

The record shows that the Fraige patent uses "coaction" between what may be old elements of air tubes and waterbags to solve the long-felt need in the residential waterbed industry for a mattress that provides edge support and a firmer, more stable sleeping surface while maintaining the other advantages of a waterbed. (See, e.g., RT 343:1 to 345:8, 471:22 to 473:1.)

In 1973 plaintiff Fraige applied for a patent on his invention. Initially, Mr. Fraige submitted 10 claims; an eleventh

claim was added by amendment in December of 1974. In 1975, the Patent Office allowed all 11 claims and issued the subject United States Letters Patent No. 3,864,768.

Plaintiffs' waterbed, which is fabricated under the teachings of the Fraige patent, has been marketed under the trademark "Airfloat" since 1973. In early 1977, plaintiffs became aware that defendants were manufacturing and selling a waterbed mattress similar in name, structure and function to the "Airfloat". (See Appendix at 33A.)

Plaintiffs sued for patent infringement, with jurisdiction based upon 28 U.S.C. §1338 and 28 U.S.C. §1400. Following a seven-day trial, on October 20, 1977, the court issued an oral Bench decision and entered judgment for defendant on plaintiffs'

claims of patent and trademark infringement, and apparently on some of defendants' claims of patent invalidity. The court further held that neither party was guilty of unfair competition as to the other. In its Bench decision the court cited neither statutory nor case law. (A copy of the Bench decision appears in the Appendix at pages 1A to 19A.)

Despite defendants' request for entry of formal findings of fact and conclusions of law, the district court issued only its Bench decision as its Rule 52(a), F.R.Civ.P. Findings and Conclusions. As a consequence, the district court's Bench decision is very unclear, particularly with respect to patent validity and infringement. In fact, the Bench decision raises grave questions as to what, exactly, the court held.

Both sides cross-appealed. On August 7, 1980, the panel of the Ninth Circuit dismissed the initial appeals for lack of a final judgment on the claims arising out of the defendants' countercomplaint. (Appendix at 24A.) Once a final judgment was entered on the defendants' claims (Appendix at 26A), new cross appeals were filed. The new cross appeals were heard by the panel that had vacated and remanded the initial cross appeals, on the briefs and record previously filed. (Appendix at 24A, 27A to 28A and 30A.) The Ninth Circuit affirmed the district court judgments. (Appendix at 31A to 37A), holding that the claims of the Fraige patent were invalid. Therefore, that court did not reach the issue of patent infringement.

The Court of Appeals like the district court, ignored the presumption of patent

validity and incorrectly placed the burden of proof as to obviousness on the proponent of the patent:

> The burden of proving nonobviousness is greater when the invention consists of a combination of known elements.
>
> Appendix at 35A
> (emphasis added)

The Court of Appeals held:

> In such a case, the combination must result in "an effect greater than the sum of the several effects taken separately." Anderson's-Black Rock, Inc. v. Pavement Salvage Co., 386 U.S. 57, 61, 90 S.Ct. 305 (1969). In this circuit, that has been taken to mean that the combination must product [sic] an "unusual or surprising result." Kamei-Autokomfort v. Eurasian Automotive Products, 553 F.2d 603, 608 (9th Cir. 1977).
>
> Against this general background, there are two recent cases from this circuit dealing with the question of obviousness of waterbed patents. In Penn International Industries v. Pennington Corp., 583 F.2d 1078 (9th Cir. 1978), the court held that a patent on a device which holds the water and provides the frame by being filled with air was not obvious. This patent predates the patent in the instant case and is part of the prior

art discussed by the trial court. In Mollura v. Miller, 609 F.2d 381 (9th Cir. 1979), the court held that the use of a previously known seaming technique in waterbed construction was not patentable. The court held that "[t]here is no inventive genius in putting water in a container that does not leak." 609 F.2d at 383. When the patent in the instant case is considered under such precedent, ample support appears for the trial court's finding that the patent is invalid. There is little inventive genius in placing an inner tube around the inside of a waterbed to provide edge support. The combination of these known elements provides no new or unexpected result.

Appendix at 35A to 36A

REASONS FOR GRANTING THE WRIT

INTRODUCTION

As will appear below, there are numerous reasons why this Court should grant certiorari. Notably, the Court should review this case because it provides an opportune vehicle for clarifying the meaning and extent of the presumption

of patent validity that is provided in 35 U.S.C. §282, and the level of deference the courts should pay to the Patent Office's issuance of patents.

The case also involves crucial questions of the extent to which so-called combination patents are valid, and the vitality, meaning and applicability of this Court's "synergism" test. The Court's guidance on these issues is urgently required because of the sharp and irreconcilable divisions existing among the circuits and often within circuits. In the event a writ of certiorari issues, plaintiffs will argue that "synergism" is not a requirement of nonobviousness or if it is, that the Ninth Circuit's standard is both incorrect and incorrectly applied. Regardless, under Section 103 of the patent statute, the claims of plaintiffs'

patent are valid.

In this case, the Court is provided with a model of confusion that pervades application of the patent laws. Courts, the patent bar and inventors alike have been rendered incapable of predicting the outcome of litigation involving the validity of patents except upon the whimsy that certain Circuits are known in the trade to be pro patent and others anti patent. In this case, the confusion is all the more striking because of the lack of any reasoned basis for the lower court's decision, in utter disregard of Rule 52(a), which calls for issuance of findings of fact and conclusions of law in support of judgments following Bench trials. At the very least, therefore, the Court should review this case to articulate the standards to which the lower

courts should adhere in entering such judgments.

I.

CERTIORARI SHOULD BE GRANTED TO RESOLVE CONFLICTS AMONG THE CIRCUITS CONCERNING THE SO-CALLED SYNERGISM TEST OF PATENTABILITY

The Court of Appeals invalidated plaintiffs' patent for obviousness, calling it a combination of "known elements [which] provides no new or unexpected result." Appendix at 36A. Although it did not use the word "synergism," the Court of Appeals was clearly applying the so-called "synergism test", i.e. the much-disputed requirement that in order to be patentable an invention that combines known elements must produce an unusual or surprising result. The word "synergism" has been defined only once in this Court's opinion as "[a] combination of elements

[which] may result in an effect greater than the sum of the several effects if taken separately." See Anderson's-Black Rock, Inc. v. Pavement Salvage Co., 396 U.S. 57, 61 (1969). The full Court has otherwise expressedly treated "synergism" on only one other occasion. Sakraida v. Ag Pro, Inc., 425 U.S. 273 (1976).

Significantly, this Court has never held that synergism is necessary or sufficient to establish nonobviousness and thus patentability. In fact, the opinion in Anderson's-Black Rock, Inc. v. Pavement Salvage Co., 396 U.S. 57, 61 (1969) shows that the Court intended that the existence of synergism in a combination invention was to be considered in connection with the general factual analysis of patentability presented by the Court in Graham v. John Deere Co., 383

U.S. 1, 17-18 (1966).[1/] Neither Graham v. John Deere Co., supra, nor Anderson's-Black Rock, Inc. v. Pavement Salvage Co., supra, nor any other decision of this Court has separated synergism from the initial determination of obviousness under 35 U.S.C. §103 as did the lower courts in this case.

The synergism standard has been applied by lower federal courts to

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1/ In Graham, the Court stated three controlling criteria:

(a) scope and content of prior art;

(b) differences between prior art and the claims in suit; and

(c) the level of skill in the pertinent art.

383 U.S. at 17-18

The Graham Court also stated that secondary considerations of "commercial success, long felt but unsolved needs, and failure of others" to produce the invention may be relevant to the question of obviousness. Id.

numerous so-called combination patents covering a full spectrum of inventions, products, and industries. There seem to be almost as many different approaches to the synergism standard by the lower courts as there are occasions in which the concept has been used to invalidate patent claims.

The Ninth Circuit requires synergism in order to uphold the validity of a combination patent. Other circuits do not. Some courts say "synergism" is necessary to establish patentability; some say "synergism" is unnecessary to establish patentability; and some say "synergism" is simply sufficient to establish patentability. Thus, there is a split among the circuits, and even within certain circuits, as to the effect of "synergism" on a determination of obviousness.

Three circuits -- the SECOND, FOURTH and SEVENTH -- have either explicitly or implicitly rejected synergism as a necessary criterion for establishing the validity of a combination patent. Digitronics Corp. v. New York Racing Ass'n Inc., 553 F.2d 740, 747 (2d Cir. 1977); Blohm & Voss AG v. Prudential-Grace Lines, Inc., 489 F.2d 231, 246 n.16 (4th Cir.), cert. denied, 419 U.S. 840 (1974); Republic Industries, Inc. v. Schlage Lock Co., 592 F.2d 963, 970 (7th Cir. 1979) ("Under this formulation, the presence or absence of synergism proves little.") Similarly, the COURT OF CUSTOMS AND PATENT APPEALS has rejected a requirement of synergism for patentability, In re Sponnoble, 405 F.2d 578, 585 (CCPA 1969), as did the COURT OF CLAIMS. Bowser, Inc. v. United States, 388 F.2d 346, 349-50 (Ct. Cls. 1967).

Five circuits -- the DISTRICT OF COLUMBIA, FIRST, FIFTH, SIXTH AND NINTH -- require synergism or state that it is the relevant legal standard. International Salt Co. v. Commissioner of Patents, 436 F.2d 126, 131 (D.C. Cir. 1970); International Tel. & Tel. Corp. v. Commissioner of Patents, 538 F.2d 453, 457 (1st Cir. 1976); Parker v. Motorola, Inc., 524 F.2d 518, 531-32 (5th Cir.), cert. denied, 425 U.S. 975 (1976); Smith v. ACME General Corp., 614 F.2d 1086, 1093-95 6th Cir. 1980). The NINTH CIRCUIT, where the present case arose, has applied a particularly stringent requirement of synergism. NDM Corp. v. Hayes Products, Inc., 641 F.2d 1274 (9th Cir. March 16, 1981); Sven Tventer v. AB Turn-O-Matic, 633 F.2d 831 (9th Cir. 1980), cert. denied, ___ U.S. ___ , 101

S.Ct. 1983, 68 L.Ed.2d 300 (1981); Herschensohn v. Hoffman, 593 F.2d 893, 896 (9th Cir. 1979); Penn International Industries v. Pennington Corp., 583 F.2d 1078, 1081 (9th Cir. 1978); Astro Music Inc. v. Eastham, 564 F.2d 1236, 1238 (9th Cir. 1977); Hewlett-Packard Co. v. Tel-Design, Inc., 460 F.2d 625 (9th Cir. 1962). Cf. Palmer v. Orthokinetics, Inc., 611 F.2d 316, 324 (9th Cir. 1980) (synergism requirement does not supplant three-part Graham test.).

Two circuits -- the EIGHTH AND TENTH -- are split within themselves as to the necessity of the synergism requirement.

The EIGHTH CIRCUIT held in Clark Equipment Co. v. Keller, 570 F.2d 778, 789 (9th Cir.), cert. denied, 439 U.S. 825 (1978), that "synergism" has no talismanic power and is merely one indication of

nonobviousness. That same court has more recently held, however, that synergism is one of the requirements that the court must look for in determining whether patents meet the Section 103 requirements of patentability. Reinke Mfg Co., Inc. v. Sidney Mfg. Corp., 594 F.2d 644, 648 (8th Cir. 1979).

The TENTH CIRCUIT in True Temper Corp. v. CF&I Steel Corp., 601 F.2d 495, 506 (10th Cir. 1979) and Deere and Co. v. Heston Corp., 593 F.2d 956, 962 (10th Cir.), cert. denied, 444 U.S. 838 (1979), stated that synergism must exist for a valid patent, but in Plastic Container Corp. v. Continental Plastics of Oklahoma, Inc., 607 F.2d 885, 904 (10th Cir. 1979), cert. denied, 444 U.S. 1018 (1980), that same circuit stated that synergism is not a requirement. In Norfin, Inc. v.

International Business Machines, 625 F.2d 357, 365 (10th Cir. 1980), the Tenth Circuit acknowledged the conflict within its own circuit but left resolution of the conflict "for a later day".

Finally the THIRD CIRCUIT, noting the split among the circuits, has declined to rule that synergism is a precondition to patent validity in all cases. Sims v. Mack Truck Corp., 608 F.2d 87, 93 (3d Cir. 1979).

In this state of confusion numerous commentators -- federal judges with considerable exposure to patent litigation -- have sharply criticized the "synergism" requirement. Markey, Howard T., The Synergism Virus: Cause and Cure, 2 Bull. L.A. Pat. Law Assoc. 2 (Oct. 6, 1980) (Chief Judge, United States Court of Customs and Patent Appeals); Rich, Giles

S., Escaping the Tyranny of Words -- Is Evolution in Legal Thinking Impossible?, 60 JPOS 5, pp. 271-303 (1978) (Associate Judge, United States Court of Customs and Patent Appeals); Miller, Jack R., Factors of Synergism and Level of Ordinary Skill in the Pertinent Art in Section 103 Determinations, 8 APLA Journal 4, pp. 321-332 (1980) (Associate Judge, United States Court of Customs and Patent Appeals -- Judge Miller wrote the decision in the Plastic case, supra); Conner, William C., Some Highly Personal Reflections on Section 103, 5 APLA Journal 2, pp. 77-86 (1977) (District Judge, S.D.N.Y. -- Judge Conner stated in his recent opinion in Brennan v. Mr. Hanger, Inc., 479 F.Supp. 1215, 1225 (S.D.N.Y. 1979) that, left any choice, he would enthusiastically join the circuit court decisions that expressly

repudiate the synergism requirement).

As matters presently stand, "synergism" is only a figure of speech. In the literal sense, it never has existed and never can exist in mechanical inventions when the term is defined as a whole result greater than the sum of its constituent parts. That is because, as Judge Conner states:

> [I]n every such combination, each individual component always performs its characteristic function: a gear always acts like a gear, a resistor like a resistor, and so on. And the overall performance of the combination is always precisely equal to the sum of the functions of its components. In the real world, two plus two never equals five.
>
> Conner, supra, 5 APLA Journal at 84-85

Perhaps even more significantly, application of the crudely-crafted "synergism" requirement invites the courts to pass upon "obviousness" from a perspective

after the invention was made (i.e., using hindsight) rather than "at the time the invention was made", as specified in Section 103. This, of course, is improper.

The circuits are in hopeless conflict over the question of synergism. This Court should grant certiorari in order to clarify the confusion rampant in this area of patent law resolving the differences among the circuits as to the necessity for, and the definition of, synergism.

II.

CERTIORARI SHOULD BE GRANTED TO DETERMINE THE PROPER EXTENT AND APPLICATION OF THE STATUTORY PRESUMPTION THAT PATENTS REGULARLY ISSUED BY THE PATENT OFFICE ARE VALID

The law is clear that one who attacks a patent's validity has the burden of proving the patent is invalid. So important is this principle that Congress has

codified the presumption of validity into the Patent Act:

> A patent shall be presumed valid . . . . The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.
>
> 35 U.S.C. §282

Despite the clear mandate of Section 282, the Court of Appeals in the instant case actually placed the burden of proof on the patentholder. The Court of Appeals said:

> The burden of proving nonobviousness is greater when the invention consists of a combination of known elements.
>
> Appendix at 35A
> (Emphasis added)

The Court of Appeals viewed the instant case as though there were a presumption of in-validity instead of the reverse. It regarded plaintiffs' patent as initially suspect, as invalid unless proven otherwise.

The error is by no means harmless. Numerous courts, including this one, have held that the burden of proving patent invalidity -- i.e. the defendants' burden in this case -- is heavier than the usual burden of persuasion that attaches in other civil suits. Thus, this Court stated in early cases that a patent can only be rendered invalid by evidence that establishes invalidity beyond a reasonable doubt. Cantrell v. Wallick, 117 U.S. 689, 695-96 (1886) and cases cited therein. See Radio Corporation v. Radio Engineering Laboratories, 293 U.S. 1, 8 (1934); Gaddis v. Calgon Corporation, 506 F.2d 880, 885 (5th Cir. 1975) (presumption of validity is strong and requires clear and cogent evidence to be overthrown).

The statutory presumption of validity constitutes Congress' formal recognition that the Patent Office is better equipped

to determine patent validity than are the courts. In fact it is. The Patent Office is the only agency charged with administering the patent law, and it is presumably staffed with experts not only in the area of patent law, but in the particular field for which a patent is issued.

Thus, the rulings of the Patent Office should be afforded great weight. Instead of receiving great weight, however, Patent Office rulings often fail to receive even the same weight as provided under the substantial evidence rule for judicial review of most administrative decisions. A Patent Office determination of validity is easily and routinely overturned by district and circuit courts possessing no special expertise. In doing so, courts often give only the most perfunctory nod to the presumption of validity.

So common has it become for district

courts to overrule the Patent Office that the Second Circuit stated bluntly:

> The presumption [of validity] has also been weakened in recent years by the fact that the Patent Office is too overworked to give adequate attention to patent applications and grants.
>
> Kahn v. Dynamics Corp. of America, 508 F.2d 939 (2d Cir.), cert. denied, 421 U.S. 930 (1975)

If this is in fact the view of most courts and the basis on which judicial decisions of patent validity are made, the effect is to undermine and even to ignore the express will of Congress that patents are presumptively valid. 35 U.S.C. §282.

The Ninth Circuit's decision in the instant case illustrates the dangers inherent in such an approach. It substitutes the judgment of a court for the informed review of patent examiners

familiar with the field.[2/] The effect, were it confined to the Fraige patent alone, would be bad enough. But the instant action has more far-reaching consequences than that. It jeopardizes twenty or more other patents involving

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2/ In the instant case, the Patent Examiner actually possessed more information than did the district court. Plaintiffs only learned after trial that in prosecuting defendants' patent for the infringing device in the Patent Office, defense counsel had made certain representations to the Patent Office concerning that device that differed materially from those presented to the district court. Plaintiffs requested that the Court of Appeals take judicial notice of this material, which was contained in documents filed with the Patent Office that have since become public. The Ninth Circuit refused (Appendix at 21A, 23A, 29A, 38A) despite Rule 201 of the Federal Rules of Evidence, which states that judicial notice may be taken at any state of the proceedings of such official records. See Government of the Canal Zone v. Burjan, 596 F.2d 690 (5th Cir. 1979); United States v. Garcia, 555 F.2d 708 (9th Cir. 1977).

waterbeds or similar devices.[3/] The effect may very well be to throw the

---

3/ Pursuant to Rule 201 of the Federal Rules of Evidence, petitioner requests that the Court take judicial notice of these patents. The waterbed device patents presently at risk that follow the Fraige patent and incorporate essentially its elements are the following:

1) 3,918,110 (Cantillo)
2) 4,006,501 (Phillips)
3) 4,038,712 (Miller)
4) 4,055,867 (Phillips)
5) 4,064,579 (Winther)
6) 4,065,819 (Gorran)
7) 4,068,335 (Phillips)
8) 4,079,473 (Phillips)
9) 4,080,676 (Calleance)
10) 4,101,995 (Phillips)
11) 4,109,333 (Ziarovich)
12) 4,121,310 (Gorran)
13) 4,180,447 (Miller)
14) 4,163,555 (Benjamin)
15) 4,181,990 (Santo)
16) 4,187,569 (Calleance)
17) 4,193,151 (Calleance)

The Ninth Circuit's rationale in the instant case also calls in serious question several additional waterbed patents that preceded the Fraige patent:

1) 3,736,604 (Carson)
2) 3,766,579 (Shields)
3) 3,778,852 (Penn)
4) 3,787,907 (Pennington)

entire waterbed industry into endless and involved litigation over the validity of any patent that combines air and water components.

In this context, the Court should pass upon and determine the extent and applicability of the presumption of patent validity codified in 35 U.S.C. §282, as well as the ground rules for judicial deference to the expertise of the Patent Office. Patentees and their attorneys, and the public at large, are entitled to clear and uniform interpretation of the patent laws and the security in their business dealings that can only be based upon reasonably predictable and reasoned judicial decisions that would come from such clarification.

III.

CERTIORARI SHOULD BE GRANTED TO ELUCIDATE THE EXTENT TO WHICH RULE 52(a), F.R.CIV.P. AND PROPER OPERATION OF THE FEDERAL JUDICIAL SYSTEM REQUIRE THAT COMPREHENSIVE FINDINGS OF FACT AND CONCLUSIONS OF LAW BE ISSUED TO SUSTAIN JUDGMENTS IN BENCH TRIALS OF COMPLEX MATTERS

After six days of trial, the district court in this action delivered oral findings from the bench. The district court made no formal findings of fact and conclusions of law, other than those made from the bench, even though the defendants later filed extensive "Proposed Findings of Fact and Conclusions of Law" (CT 486 to 496). As a result, the parties were left with findings so inadequate that they could not even agree whether plaintiffs' patent was upheld or not. The confusion was further compounded on appeal, where the reviewing court assumed that the trial

court had held the entire patent invalid:

> Because we find that the trial court was correct in its determination that the patent is invalid, we need not reach the question of whether the defendants' system infringed it.
>
> Appendix at 36A

Defendants certainly so argued on appeal.

In fact, however, the trial court's Bench decision did not hold all claims of the patent invalid. Rather, it upheld Claim 1 of the original patent (Appendix at 11A), which the reviewing court described as "the most significant [of the original claims] to this litigation" (Appendix at 32A).

Rule 52(a) of the Federal Rules of Civil Procedure requires that a district court sitting without a jury must "find the facts specially and state separately its conclusions of law thereon." Detailed and clear findings are imperative on review of the trial court's decision, par-

ticularly in the complex area of patent validity. Mollura v. Miller, 609 F.2d 381, 383 (9th Cir.), cert. denied, ___ U.S. ___ , 64 L.Ed.2d 272 (1980) (trial court admonished as to necessity for sufficient findings in patent case); Satco, Inc. v. Transequip, Inc., 594 F.2d 1318, 1322 (9th Cir.), cert. denied, 444 U.S. 865 (1979) (same); National Lead Co. v. Western Lead Products Co., 291 F.2d 447, 451 (9th Cir. 1961) (remand for further findings on validity of patent for process for making lead plates). See also, Curtis v. C.I.R., 623 F.2d 1047, 1053 (5th Cir. 1980) (remand to Tax Court for further findings on income tax deficiencies); Golf City, Inc. v. Wilson Sporting Goods Co., Inc., 555 F.2d 426, 432-34 (5th Cir. 1977) (remand for further findings on violation of Sherman Act). Cf. United States v.

El Paso Natural Gas Co., 376 U.S. 651, 656-657 (1964) (importance of district court making own findings of fact and conclusions of law as opposed to adopting those of prevailing party).

In the instant case, the district court's findings of fact and conclusions of law not only fail to elucidate the basis of the decision but they raise real questions about the nature of the decision itself. The Ninth Circuit, in turn, purported to make its own ruling that the patent was invalid for obviousness, but it assumed that in doing so, it was upholding the determination of the district court. It is impossible to ascertain, of course, whether the appellate court would have reached the same conclusion had it believed itself to be reversing rather than affirming the district court.

Moreover, the Ninth Circuit's opinion itself lacks the clarity that a reviewing court would require under Rule 52(a), F.R.Civ.P.

In the context of the already confusing patent law issues in this case, it is therefore appropriate for this Court to grant certiorari at least to determine the standards for findings of fact and conclusions of law to be entered in support of Bench judgments in complex matters under Rule 52(a), F.R.Civ.P.

CONCLUSION

Plaintiffs feel, with considerable justification, that they have been summarily denied a meaningful day in Court. At the trial court level a bench decision was rendered which was so loose and disjointed that one could not ascertain with

certainty whether the trial court intended to invalidate all or only some of the patent claims. At the appellate level, after in excess of 200 pages of detailed briefs, the decision failed to treat the issues raised in the briefs, avoided discussion of details and employed language so sweeping that it could be employed to invalidate claims in numerous waterbed patents. The courts below each treat the waterbed industry as trivial, based on simplistic technology of which the present litigation constitutes only one small part. They assume that differences among waterbed constructions are insignificant. The contrary is true.

The courts below have failed to discern, and differentiate among, significant advances in the state of the waterbed art. Apparently these courts believe that water-

beds and the advances in the state of that art are too simple for serious consideration. Within their field, however, waterbeds and the waterbed art are no more simple than are, for example, radios and advances in the state of the radio art. Radios are, after all, based upon simple components arranged in apparently simple circuits. Lay people listening to different radios can hardly discern differences in the quality of sound emitted by the different radios. A lay person opening the backs of several radios will see wires, transistors and circuits that do not appear to differ significantly from radio to radio. Yet the arrangement of circuits affects the quality of the reception, just as arrangement of a buoyant air chamber affects the quality of a sleeping surface. Yet arrangements of radio cir-

cuits are patentable while, apparently, arrangements of buoyant air chambers in waterbeds are not. This conclusion, however, is wrong.

For all of the above reasons, the Petition for Writ of Certiorari should be granted.

Respectfully submitted,

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(Appendices Follow)

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IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

BEFORE: HONORABLE SAMUEL CONTI, JUDGE

VINYL PRODUCTS, Plaintiff, vs. CALCO-HAWAIIAN, Defendant.	No. C-77-68 SC
VINYL PRODUCTS, Plaintiff, vs. BODY COMFORT, Defendant.	No. C-77-482 SC
CALCO-HAWAIIAN, Plaintiff, vs. VINYL PRODUCTS, Defendant.	No. C-77-1548 SC

REPORTER'S PARTIAL TRANSCRIPT OF
ORAL BENCH OPINION:

Thursday, October 20, 1977

REPORTED BY: Shirley S. Linkerman

APPEARANCE:

For the Plaintiff Vinyl Products:

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THURSDAY, OCTOBER 20, 1977 - MORNING SESSION

THE COURT: Is it stipulated, Mr. Strabala, everyone is dismissed as defendants, except Calco-Hawaiian Import and Export Company doing business as Calco-Hawaiian, Inc., a California corporation, and Paul Calleance, an individual, and Body Comfort Waterbeds, a California corporation?

MR. STRABALA: I did not quite hear how you finished that. Body Comfort, a Calco corporation?

THE COURT: A California corporation.

MR. STRABALA: I'm sorry.

THE COURT: A California corporation.

MR. STRABALA: Yes, fine.

THE COURT: All right. The following shall consist of the findings of fact and conclusions of law, decision of the court with reference to the subject action.

This Court has jurisdiction over the parties to this action and the subject matter thereof pursuant to 28 U.S.C. 1338(a); 1441; 2201; 15 U.S.C. 1125(a) and 1125(h).

The plaintiff is Richard Fraige, who is the registered owner of U.S. Patent Letters Patent 3,864,768. And the plaintiff, Vinyl Products, Incorporated, also known as Vinyl Products, is a California corporation which has made and sold air float mattresses since April of 1973. The trademark Air Float is registered to plaintiff Vinyl Products under Registration No. 1,028,680, dated December 30th, 1975.

The defendant Hawaiian -- rather, the defendant, Calco-Hawaiian, Inc., is a California corporation, which has made

and sold its Air Factor Flotation Mattresses since January, 1977.

Calco was formed in June, 1966, to make and sell water mattresses and related equipment.

The defendant, Body Comfort Waterbeds, is a retail seller of the defendant's product.

In January, 1977, the first Air Factor Flotation Mattress was made and sold by Calco.

Now, the device, the subject device, is a water mattress. And a water mattress is a bag or bladder constructed of some type of pliable watertight material, usually vinyl sheets, which, when inflated with water, can be reclined and slept upon. When inflated, such water mattresses are normally enclosed in a rigid frame designed to provide support. Some mattresses, some water mattresses, incorporate air chambers or pneumatic members for the purposes or purpose of providing additional peripheral or other support for suppressing wave motion, et cetera.

The art of water mattresses is well developed with water mattresses of various types having been invented over a hundred years ago, and with water mattresses incorporating a pneumatic member or air chamber having been developed as early as 1942.

In 1973 plaintiff Richard Fraige, and/or Jerry Read, devised a water mattress which utilized an internal flotation air tube, which is purportedly hingedly connected to the side walls of a water bag in a way which will allow -- which was supposed to allow the float tube to move independently of the side wall and top of the -- top and bottom panels of the waterbed.

This water mattress with internal float tube was reduced to practice in about March of 1973.

Vinyl Products first sold the water mattress with internal float tube as described in the patent in suit in April of 1973.

The elements of the defendant's structure are all conventional and define a standard water mattress substantially the same as every other waterbed. It does, however, have an air chamber around the upper perimeter edge of the mattress. The air chamber is not hingedly connected, nor internal of the water chamber. This air chamber cannot move independent of itself.

Now, a patent in litigation must stand on the original claims and specifications, or it cannot stand at all. And each claim must stand or fall as itself sufficiently defining the invention independently of the other claims.

The question of invention is determined in light of other knowledge of prior art. Whether or not the alleged inventor actually had such knowledge, an invention is not present if a person skilled in the art having the prior disclosure before him would find the process or device in question obvious.

A change merely in form, proportions, or degrees, ordinarily does not constitute invention where it involves doing substantially the same thing by the same means, and amounts only to the carrying forward or more extended application of the original idea of another.

A mere difference in structure or design involving no new principle, and accomplishing nothing more than skill in the art, would readily -- and accomplishing nothing more than skill in the art would readily discern, does not amount to invention.

Where the need, therefore, is obvious, there is no invention in merely enlarging or strengthening or increasing the weight of a device.

Ordinarily, the cases have held that there is no invention in converting a liquid proudct into dry form or vice versa.

Under some circumstances, critical proportions may lend patentability to claims. It must appear in such cases,

however, that the difference or change as compared with the old combination or process is in fact critical, producing a difference in kind rather than degree. The point or range alleged to be critical must correspond to a physical phenomenon, and must involve something over and above that which is obvious to the worker skilled in the art. Nor does application of an old method or device to a new use in the same or analogous art constitute invention where there is no substantial change in the manner of applying it or in the result obtained.

It has been declared that under some circumstances courts construe the claims of a patent broadly, and under other circumstances narrowly, and that the liberality of construction,which the claim is entitled, is directly proportional to the degree of invention.

In general, the claims will be given a broad construction in accordance with their terms. And claims, once granted, must be given the broadest interpretation that their terms will reasonably permit.

A claim, however, may not be altered to change its plain meaning so as to increase or give breadth to it, and a court must so read a claim as to give it neither a broader or narrower scope than is warranted by the invention disclosed in the patent.

However, a literal reading is not permissible if it would result in

bringing within the claim structures disclosed in the prior art.

The statement of prior art, or the prior art, may require a narrower construction of a claim of a patent. Claims will be given a strict or narrow construction where the art or field is crowded, as is in the case with the instant patent.

Where evolution of the art has been gradual, has been a gradual process of over a long period of time, and numerous patents have been granted, claims of a particular patent must be narrowly construed. And unless the patent performs a function which was not performed before, the inventor is not entitled, as a pioneer inventor, to broad constructions of the claims.

Where a patent specifies and prescribes a specific structure utilizing old elements, the claims, if valid, must be limited to the specific construction disclosed.

The foregoing comprises a generalization, of course, of the patent law that would be applicable to this case.

The question here is the question of whether or not the defendant has infringed upon the patent of the plaintiff. The idea of an air chamber to provide edge support in a water mattress is not a new or novel idea. There is ample

prior art to sustain the proposition that water mattresses are not new. Water mattresses with some type of air tubes, filters, liners, are not new.

The alternatives to provide edge support are not that numerous to make its solution novel, new, or non-obvious to one skilled in the art.

This particular field is a low-technology field. And the fact that the plaintiff was the first to discover, this is not enough. His invention in this relatively new industry, such as the indoor waterbed industry, was such that one skilled in the art could have come up with the same solution. Merely being first in time is not enough. One must invent something that has novelty, utility, and is not obvious.

The Court finds the prior art, together with the obvious nature of the solution of the problem of edge support, is not such to make the defendant's accused device an infringement upon the plaintiff's patent -- in other words, the defendant's accused device is not an infringement upon the plaintiff's patent.

The prior art in this case, to which the Court is placing great emphasis, the prior art of Ewald. On January 16th, 1934, a patent was issued to one C.A. Ewald, No. 1,943,888, which discloses a water mattress with an internal pneumatic chamber which is hingedly connected to a

water mattress edge panel in such a way as to permit the chamber to float or move between the top and bottom panels and relative to the edge panel.

Now, although that particular panel did not use the word hingedly connected, it did use the term tethered. And the Court is of the opinion that one skilled in the art would soon come to the conclusion that being tethered and hingedly connected to perform this function is similar.

The next patent which the Court finds to be of relevance and prior art is that of the two patents of Hasselquist, Patent No. 2,714,726, which of course does not disclose a mattress, per se, but does disclose a water chamber in which one or more chambers are supported on the air. If a cover were placed over the water, the structure would be substantially identical to the allegedly infringing device.

Also, see Hasselquist No. 2,719,182.

Also, of pertinent art is the Shields invention, Patent No. 3,766,579. This is a further illustration of a waterbed, which includes an internal inflatable air mattress, as well as the peripheral air beam structure.

The Pennington Patent is also a pertinent art, in which is another combination of water and air mattresses. It

discloses a mattress with a top panel, a bottom panel, and a water filter valve, an air tube hingedly connected to the edge panels and within the water enclosure.

Also, the Court has taken note of the Suntanner as being pertinent prior art in this case.

The Court is also of the opinion that the doctrine of equivalence is not applicable to the instant case.

In reading the patent in suit upon the accused device, the Court makes the following findings:

Claim 1 of the patent in suit states in pertinent parts of Claim 1, important parts, the key parts are that at least one float tube hingedly mounted connected at one edge internally within said enclosure adjacent to and along edge and in a manner allowing it to move between the top and bottom panels.

Now, the Court is of the opinion that the plaintiff has a valid patent as to what the object he is performing, that is, an internal inflatable air chamber hingedly connected to the side. And I think that's something new, so far as that particular funtion.

However, I think that anyone looking at any of the patents of Ewald, Hasselquist, Shields, Suntanner, Penn,

Pennington, could come up with the idea that if you need peripheral upper-edge support, there is only one way to do it, you don't have too many alternatives that you can gather and marshal in order to come up with that solution.

All these edges -- all these had to do with the side. Albeit, that maybe some served a little different function, but one skilled in the art of vinyl fabrication, skilled in the art of waterbeds, skilled in the art of the construction of the two components could very easily come up with this particular type of arrangement.

And, therefore, I think that if you look at what the defendant has done in his device, he has, what I consider, two units. He has an internal water mattress, and he has attached and appended thereto a peripheral upper-edge air channel. And the Court does not consider this channel as being a tube.

The float tube -- it is not a float tube, it is affixed to the side and affixed to the top. And in no manner, shape or form can the Court conclude this can be considered a float tube. It may be a tube means, and certainly that's what it is, it may be an air channel, but it's certainly not a float tube means.

And, therefore, in reading the accused device on Claim 1, it is certainly not the same, nor is there any infringement thereupon.

If you read it on Claim 10, here again you have one hinge connection, as you have in Claim 1, one hinge connection to the side, and you have an internal float tube that is moving vertically within the -- enabling it to move vertically within the enclosure, and the accused device does not do this. The accused device is built entirely different.

Also, the first paragraph of Claim 10 is a combination of old -- of old ideas; and, therefore, it would not be valid.

Therefore, if you read the accused device on Claim 10, you cannot say that claim -- that the accused device is infringing upon Claim 10.

Now, the Court is not going to consider the appropriateness of the Rule-312 amendments, because of the fact there are other aspects of this opinion that will be dispositive of that particular matter.

Claim 11 is a different claim than Claims 1 and 10.

And the plaintiffs have read Claim 11 as to perform a function similar to that performed by the accused device in that the plaintiffs contend that Claim 11 calls for a connection adjacent to the side wall, and a connection at the top panel.

And its pertinent language reads as

follows: at least one float tube means formed internally within said enclosure at one edge and having a portion thereof hingedly connected adjacent to the top of at least one edge panel thereof, said float tube means forming an internal fluid tight chamber within the top two-thirds of said baglike enclosure.

Well, the Court does not read this as meaning that the float tube means is hingedly connected on the side, and also to the top, because if the patent meant to be connected to the top, it would have said to the top, and not adjacent to the top of at least one edge panel.

And the Court would read that language to mean that if you are going to have two connections, one connection will be in the traditional connection of this float tube, which is one the side, and the other connection being above it on the side panel somewhere below and adjacent to the top, but not on the top panel, but on the side panel, therefore having two connections on the side.

And, therefore, the Court reading this interpretation of this claim does not find that the accused claim infringes upon the terminology in the specifics of this claim.

However, if one were to read, in the alternative, if one were to read that this claim reads that it is connected to the side panel and connected to the top, one would then have a configuration of an

air chamber which is similar to that of the accused device. And it would appear that the accused device then would be similar to that of the patent device. Were it not for the state of the prior art, that would be an infringement of the patent.

The Court concludes, as heretofore given in its reason, that the state of the prior art of Ewald, Hasselquist, Suntanner, Shields, Penn and Pennington, are all such that would preclude anyone being able to utilize this patent claim in order to state that it had a valid patent claim as opposed to the prior art.

And, therefore, the accused device does not fall within an infringement of Claim 11.

If the accused device does not infringe upon Claim 1 and Claim 10, which are the key claims, then Claims 2, 3, 4, 5, 6, 7, 8 and 9 are not infringed.

The matter of the trademark cause of action is considered as follows:

In determining the question of infringement with reference to trademarks, the standard is whether ordinary purchasers buying under the -- under usual conditions prevailing in the trade and exercising the care such purchasers usually exercise in buying that class of goods would be deceived. Whether or not similarity between two trademarks or

trade names is sufficient to constitute an infringement is a question of fact to be determined in each case by its own attending circumstances.

The test is whether there is a likelihood of confusion or deception, not whether there is confusion or deception, but the key word there being a likelihood of confusion or deception.

Where one mark could not reasonably be mistaken for another, the deception is improbably or impossible, there is no infringement, even though two trademarks suggest similar qualities in the product.

In the instant action, if one looks at the logos of both of the trademarks, one will find that the word air factor or air factor flotation are composed of -- in the general structure of the word -- composed of thin-line capital letters.

Looking then to the subject trademark, the air float, one would find that it is comprised of large small letters as opposed to capital letters, of double width, and with a solid-colored F for the air float, a solid-colored F. And below the letters L-O-A-T, there are two series of waving lines, which apparently simulate waves.

And in applying the test, the traditional test to these two marks, first of all, the word air is a generic term, and of course that's not subject to any

trademark protection. And, also, that prior to the use of the word air float or air factor, there was the use of the word air float or air fractor, there was the use wat air, air frame and air foam, was of common knowledge. But applying the traditional standards to likelihood of confusion, there is nothing similar in the design or composition of these two marks to cause confusion or to cause mistake or to deceive. And if one applies the trilogy test, that is, the sight, sound and meaning, even when this test is applied to the case, it does not cause confusion.

Therefore, the Court finds there is not an infringement upon the subject trademark.

The Court also finds, having found no infringement of the trademark, and having found no infringement of the patent claim, that the plaintiff's third cause of action for unfair competition has not been sustained by its proper burden of proof.

The Court further finds that the defendant has not sustained his burden of proof with reference to his causes of action for defamation and unfair practices.

As conclusions of law in the case, the Court finds that pursuant to 35 u.S.C. 103, which establishes the severe test for those patents which cover a com-

bination of known and old elements, rather than new elements, and that considering all pertinent prior art references at the time the claimed invention was made, the structure taught by the patent in suit would have been obvious to one skilled in the relevant art, that where an art is crowded and well developed, or where the main elements of the patent are not new, but are indicated by the prior art, the claims are to be read narrowly, and all issues relating to infringement should be determined narrowly, rather than liberally, and that infringement is determined in the first instance by comparing the accused device with the claims in the patent in suit, and that if a feature-by-feature comparison reveals the accused structure is not literally clearly and definitely within the claims of the patent in suit, there is infringement. Where there is no infringement of a patent claim -- rather, there can be no infringement of a patent claim that is pre-empted by prior art.

With reference to the trademark, a registered trademark is invalid if it is confusingly similar to a previous-used mark.

Plaintiff's trademark air float is not infringed by the Marks air factor or air factor flotation, because the latter Marks will not create likelihood of confusion as to the goods or sorts.

With reference to the patent claim, if the patent in suit does not read on

the accused device, nor does a comparison of the patent claim and the accused device reveal that the defendant's product conforms substantially in the same -- work in the way to achieve the same result, that there is no infringement.

The Court then enters judgment in favor of the defendant pursuant to the aforegoing findings of fact and conclusions of law.

Fine. Thank you, gentlemen.

(Whereupon, the proceedings were concluded.)

CERTIFICATE OF REPORTER

I, the undersigned official reporter of the United States District Court for the Northern District of California, 450 Golden Gate, San Francisco, California, do hereby certify:

That the foregoing transcript, pages numbered 1 through 18, inclusive, consitute a true, full and correct transcript of my shorthand notes taken as such official reporter of the proceedings hereinbefore entitled, and reduced to typewriting to the best of my ability.

(Signed) Shirley S. Linkerman
SHIRLEY S. LINKERMAN

FILED: Oct 20, 1977

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

VINYL PRODUCTS MANUFACTURING, INC., a California corporation, and RICHARD FRAIGE, an individual,	)	No. C-77-0068 SC
Plaintiffs,	)	
-vs-	)	JUDGMENT
CALCO-HAWAIIAN IMPORT & EXPORT CO., dba CALCO-HAWAIIAN, INC., a California corporation, and PAUL D. CALLEANCE, an individual,	)	
Defendants.	)	

It is hereby ordered, adjudged and decreed that judgment be entered in favor of defendants and against plaintiffs, in accordance with the Findings of Fact and Conclusions of Law given in open court on October 20, 1977.

Dated: October 20, 1977.

/s/ Samuel Conti
United States District Judge

Entered in Civil Docket Oct. 21, 1977

FILED: Jun. 10, 1980

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

VINYL PRODUCTS, MFG., INC., et al.,	CA No. (78-1247) (78-1307)
Plaintiffs/ Appellees/ Appellants,	D.C. No. CV 77-1548, 77-0482, 77-0068
vs.	NORTHERN CALIFORNIA
CALCO-HAWAIIAN-IMPORT & EXPORT CO., et al.,	ORDER
Defendants/ Appellants/ Appellees.	

BEFORE: CHAMBERS, PREGERSON, (CJJ)
BILBY, (DJ)

The Patent Application, Serial No. 761499, from the Records of the U.S. Patent and Trademark Office, shall be lodged with the clerk of this Court.

The panel may give these materials such consideration as it deems appropriate.

FOR THE COURT:
Richard H. Deane,
Clerk of Court

/s/ Ted D. Peterson

By: Ted D. Peterson,
Deputy Clerk

FILED: Jun. 11, 1980

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

VINYL PRODUCTS, MFG., INC., et al.,	)	CA No. (78-1247) (78-1307)
Plaintiffs/ Appellees/ Appellants,	)	DC No. CV 77-1548, 77-0482, 77-0068
vs.	)	
CALCO-HAWAIIAN-IMPORT & EXPORT CO., et al.,	)	AMENDED ORDER FOR LODGING OF DOCUMENTS
Defendants/ Appellants/ Appellees.	)	

BEFORE: CHAMBERS, PREGERSON, (CJJ)
BILBY, (DJ)

The Patent Application, Serial No. 761499, from the Records of the U.S. Patent and Trademark Office, shall be lodged, and not filed, with the clerk of this Court.

FOR THE COURT:
Richard H. Deane,
Clerk of Court

/s/ Ted D. Peterson

By: Ted D. Peterson,
Deputy Clerk

FILED: Aug. 7, 1980

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

VINYL PRODUCTS MFG., INC., et al.,	)	
Plaintiffs-Appellees-Appellants,	)	Nos. 78-1247 78-1307
vs.	)	ORDER
CALCO-HAWAIIAN-IMPORT & EXPORT CO., et al.,	)	DISMISSING APPEALS
Defendants-Appellants-Appellees.	)	

Appeal from the United States District Court for the Northern District of California

Before: CHAMBERS and PREGERSON, Circuit Judges, and BILBY,* District Judge.

The parties agree that there was no judgment entered on the cross-complaint

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* The Honorable Richard M. Bilby, United States District Judge for the District of Arizona, sitting by designation.

and that the requirements of Rule 54(b), F.R.Civ.P. have not been met. We therefore dismiss the appeals.

At such time as the requirements of Rule 54(b) are satisfied, or judgment is entered on the cross-complaint, a new appeal may be taken. The Clerk will retain the briefs and record and will transfer them to the new appeal. The new appeal will be assigned to the present panel.

FILED: Aug. 19, 1980

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

VINYL PRODUCTS MFG. INC., et al.,	)	
Plaintiffs and Cross-defendants,	)	No. C-77-068 SC Consolidated with C-77-482 SC
vs.	)	
CALCO-HAWAIIAN-IMPORT & EXPORT CO., et al.,	)	
Defendants and Cross-Complainants.	)	

JUDGMENT ON CROSS-COMPLAINT

It is hereby ordered, adjudged and decreed that the cross-complaint herein is dismissed, in accordance with the Findings of Fact and Conclusions of Law entered by the court on October 20, 1977.

Dated: August 15, 1980.

/s/ Samuel Conti
United States District Court

Entered in Civil Docket 8/19/1980

FILED: Oct. 16, 1980

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

VINYL PRODUCTS MANUFACTURING INC., a California corporation, and RICHARD FRAIGE, an individual,	No. 80-4446 80-4453
Plaintiffs/Counter-defendants/Appellants,	D.C. Nos.: CV77-0068, 77-0482, 77-1584 SC NORTHERN CALIFORNIA
vs.	
CALCO HAWAIIAN IMPORT & EXPORT COMPANY, dba CALCO-HAWAIIAN INC., a California corporation, PAUL D. CALLEANCE, an individual, and BODY COMFORT WATERBEDS, a California corporation,	ORDER
Defendants/Counter-claimants/Appellees.	

Before: WALLACE and BOOCHEVER, Circuit Judges.

Upon due consideration of appellants' motion, the court issues the following order:

(a) the briefs and record previously filed in appeals Nos. 78-1247 and 78-1307 shall be filed in these appeals; and

(b) the Clerk shall attempt to calendar these appeals for disposition in December 1980 or as soon thereafter as practicable before the same panel which dismissed appeals Nos. 78-1247 and 78-1307.

Mo Cal 10/6/80

FILED: Jan. 16, 1981

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

VINYL PRODUCTS MANUFACTURING, INC., a California corporation, and RICHARD FRAIGE, an individual,	)	Nos. 80-4446 80-4453
Plaintiffs-Appellees-Appellants,	)	ORDER DENYING MOTION FOR LEAVE TO FILE NEW MATERIAL
vs.	)	
CALCO-HAWAIIAN-IMPORT & EXPORT CO., et al.,	)	
Defendants-Appellants-Appellees.	)	

Before: CHAMBERS and PREGERSON, Circuit Judges, and BILBY, District Judge.

The motion of appellants to file in this court materials that were not before the district court is denied.

FILED: Feb. 4, 1981

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

VINYL PRODUCTS MFG., INC., et al.,	)	
Plaintiffs-Appellees-Appellants,	)	No. 80-4446 80-4453
v.	)	
CALCO-HAWAIIAN-IMPORT and EXPORT CO., et al.,	)	O R D E R
Defendants-Appellants-Appellees.	)	

Before: CHAMBERS and PREGERSON, Circuit Judges and BILBY*, District Judge.

These cases are hereby deemed submitted for decision.

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* Honorable Richard M. Bilby, United States District Judge for the District of Arizona, Sitting by Designation.

FILED: Feb. 4, 1981

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

VINYL PRODUCTS MFG., INC., et al.,	
Plaintiffs-Appellees-Appellants,	Nos. 80-4446 80-4453
vs.	
CALCO-HAWAIIAN-IMPORT & EXPORT CO., et al.,	MEMORANDUM
Defendants-Appellants-Appellees.	

Appeal from the United States District Court for the Northern District of California

Before: CHAMBERS and PREGERSON, Circuit Judges, and BILBY*, District Judge.

Plaintiffs appeal from a judgment of the district court holding their patent

*The Honorable Richard M. Bilby, United States District Judge for the District of Arizona, sitting by designation.

invalid and their trademark not infringed. Defendants cross appeal from a judgment denying their unfair competition and defamation claims. We affirm.

The facts giving rise to this action began in 1973, when plaintiff Richard Fraige and his co-inventor, Jerry Read, developed a system for adding edge support and damping wave action in waterbeds. In July of 1973 Fraige applied for a patent which was issued in February of 1975. Fraige's initial application for the patent had ten claims, number one being the most significant to this litigation. It generally describes a water mattress with:

> at least one float tube means hingedly connected at one edge internally within said enclosure adjacent to and along one edge panel thereof in a manner allowing it to move between said top and bottom panels independently of said edge panel, said float tube means forming an internal, fluid tight chamber within said bag-like enclosure. . . .

An additional claim that became number 11 was added as an amendment to the application in December of 1974. It describes a water mattress with:

> at least one float tube formed internally within said enclosure at one edge and having a portion

thereof hingedly connected adjacent to the top of at least one edge panel thereof, said float tube means forming an internal, fluid tight chamber within the top two thirds of said bag-like enclosure. . . .

Fraige's waterbed has been marketed under the trademark "Airfloat" since 1973. In early 1977, plaintiffs became aware that defendants were manufacturing and selling a water mattress under the trademark "Airfactor." The waterbed marketed by the defendant also utilizes the principle of air buoyance to provide edge support and wave damping. Instead of a separate inner-tube-like device, however, the defendants' system basically provided an air pocket as part of the vinyl liner.

Plaintiffs began contacting members of the trade with regard to possible suits for infringement of their patent. Plaintiffs also circulated a cartoon entitled "Who Pays" that advised persons considering selling defendants' waterbed to contact legal counsel.

Plaintiffs then filed this suit for patent infringement, trademark infringement and unfair competition. Defendants counterclaimed for unfair competition and defamation. The case was tried to the court and the court entered judgment against the plaintiffs on their claims and against the defendants on their counterclaim. The trial judge entered

findings of fact and conclusions of law into the record from the bench.

The first issue presented for review is whether the Fraige's patent for an air/water mattress is invalid for being obvious. The determination of whether an invention is obvious is a matter of law and, as such, is outside the scope of the "clearly erroneous" rule used for questions of fact. Payne Metal Enterprises, Ltd. v. McPhee, 382 F.2d 541 (9th Cir. 1967). In Penn International Industries v. Pennington Corp., 583 F.2d 1078 (9th Cir. 1978), the court held:

> Section 103 of 35 U.S.C. establishes nonobviousness as one of the three conditions of patentability. The ultimate question of patentability is one of law, but the legal conclusion is resolved against the background of three factual inquiries:
>
> a) scope and content of the prior art;
>
> b) differences between the prior art and the claims in suit; and
>
> c) the level of skill in the pertinent art.

Id. at 1080-81 (footnote omitted). The three part test set out above was taken from Graham v. John Deere Co., 383 U.S. 1, 17, 86 S.Ct. 684 (1966). The Graham court also allowed for secondary con-

sideration of "commerical success, long felt but unsolved needs, failure of others, etc., ..." Id.

The burden of proving nonobviousness is greater when the invention consists of a combination of known elements. In such a case, the combination must result in "an effect greater than the sum of the several effects taken seriously." Anderson's-Black Rock, Inc. v. Pavement Salvage Co., 396 U.S. 57, 61, 90 S.Ct. 305 (1969). In this circuit, that has been taken to mean that the combination must product [sic] an "unusual or surprising result." Kamei-Autokomfort v. Eurasian Automotive Products, 553 F.2d 603, 608 (9th Cir. 1977).

Against this general background, there are two recent cases from this circuit dealing with the queston of obviousness of waterbed patents. In Penn International Industries v. Pennington Corp., 583 F.2d 1078 (9th Cir. 1978), the court held that a patent on a device which holds the water and provides the frame by being filled with air was not obvious. This patent predates the patent in the instant case and is part of the prior art discussed by the trial court. In Mollura v. Miller, 609 F.2d 381 (9th Cir. 1979), the court held that use of a previously known seaming technique in waterbed construction was not patentable. The court held that "[t]here is no inventive genius in putting water in a container that does not leak." 609 F.2d at

383. When the patent in the instant case is considered under such precedent, ample support appears for the trial court's finding that the patent is invalid. There is little inventive genius in placing an inner tube around the inside of a waterbed to provide edge support. The combination of these known elements provide no new or unexpected result. Because we find that the trial court was correct in its determination that the patent is invalid, we need not reach the question of whether the defendants' system infringes it.

The second question is whether defendant infringed plaintiffs' trademark. The applicable standard is the likelihood of confusion. In J.B. Williams Co. v. Le Conte Cosmetics, Inc., 523 F.2d 187 (9th Cir. 1975) this court held the following facts determinative:

> the strength or weakness of the marks, similarity of appearance, sound, and meaning, the class of goods in question, the marketing channels, evidence of actual confusion, and evidence of the intention of defendant in selecting and using the alleged infringing name.

Id. at 191 (footnotes omitted).

Although in this case the trademarks are similar, no evidence in the record shows actual confusion in the marketplace. Additionally, "Airfloat" is

not a strong mark because it is highly descriptive of the action of the device. Under these circumstances, the trial court's determination of no trademark infringement must be upheld.

The final question is whether plaintiffs disparaged defendants in their methods of informing the trade of the possible infringement and the consequences thereof. Defendants concede that plaintiffs had the right to inform the trade of the possible infringement. Defendants further concede that they proved no actual damages. They argue that the cartoon entitled "Who Pays" was libelous per se. The basic impression created by the cartoon is that persons using defendants' device could be left "holding the bag." Further, it suggests only that the reader seek competent legal advice and says nothing about defendants' honesty or contractual integrity. Absent a further showing that it was interpreted otherwise in the trade, which defendants failed to provide, there is insufficient evidence of defamation.

AFFIRMED.

FILED: Mar. 4, 1981

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

VINYL PRODUCTS MANUFACTURING, INC., a California corporation, and RICHARD FRAIGE, an individual,	Nos. 80-4446 80-4453
Plaintiffs-Appellees-Appellants,	
vs.	ORDER DENYING MOTION TO RECONSIDER LEAVE TO FILE NEW MATERIAL
CALCO-HAWAIIAN-IMPORT & EXPORT CO., et al.,	
Defendants-Appellants-Appellees.	

Before: CHAMBERS and PREGERSON, Circuit Judges, and BILBY, District Judge.

The motion of appellants to reconsider order denying leave to file in this court materials that were not before the district court is denied.

FILED: Mar. 10, 1981

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

VINYL PRODUCTS MANUFACTURING INC., a California corporation, and RICHARD FRAIGE, an individual,	)	
Plaintiffs/Counter-defendants/Appellants,	)	No. 80-4446 80-4453
vs.	)	
CALCO-HAWAIIAN IMPORT-EXPORT COMPANY, a California corporation, PAUL D. CALLEANCE, and BODY COMFORT WATERBEDS, a California corporation,	)	O R D E R
Defendants/Counter-claimants/Appellees.	)	

Before: CHAMBERS and PREGERSON, Circuit Judges and BILBY*, District Judge

*Honorable Richard M. Bilby, U.S. District Judge from the District of Arizona, sitting by designation.

Appellants' motion for a stay of mandate is granted. The issuance of the mandate is stayed for a period of thirty (30) days from the date of any order denying the petition for reconsideration.

BY ORDER OF THE COURT:

Richard H. Deane
Clerk of Court

By: /s/ Christopher W. Vasil
Christopher W. Vasil
Senior Deputy Clerk

FILED: Apr. 15, 1981

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

VINYL PRODUCTS MANUFACTURING, INC., a California corporation, and RICHARD FRAIGE, an individual,	)	Nos. 80-4446 80-4453
Plaintiffs-Appellees-Appellants,	)	
vs.	)	ORDER DENYING PETITION FOR REHEARING
CALCO-HAWAIIAN-IMPORT & EXPORT CO., et al.,	)	
Defendants-Appellants-Appellees.	)	

Before: CHAMBERS and PREGERSON, Circuit Judges, and BILBY, District Judge.

The panel as constituted above has voted to deny the petition for rehearing. Judge Pregerson has voted to reject the suggestion for rehearing en banc and Judges Chambers and Bilby have recommended rejection of the same.

The full court has been advised of the suggestion for rehearing en banc and no judge of the court has requested a vote on the suggestion for rehearing en banc. Fed. R. App. P. 35(b).

The petition for rehearing is denied and the suggestion for rehearing en banc is rejected.

FILED: May 19, 1981

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

VINYL PRODUCTS MFG., INC., et al.,	)	
	)	No. 80-4446
Plaintiffs/ Appellees/ Appellants,	)	80-4453
	)	DC CV 77-0068
vs.	)	77-0482
	)	77-1584
CALCO-HAWAIIAN-IMPORT & EXPORT CO., et al.,	)	
	)	
Defendants/ Appellants/ Appellees.	)	

ORDER ON MOTION FOR STAY OF MANDATE
(Rule 41(b) Fed.R.App.P.)

Upon due consideration of plaintiffs-aplts. motion for stay of the mandate of this Court in the above cause pending the filing, consideration and disposition by the Supreme Court of the United States of a petition for writ of certiorari, such petition to be filed in the Clerk's Office of the Supreme Court of the United

States on or before July 14, 1981.

IT IS ORDERED that the motion for stay of mandate be, and the same is hereby granted.*

/s/ Richard H. Chambers
United States Circuit Judge
CHAMBERS

*In the event that the motion for stay of mandate and the petition for writ of certiorari are granted, then this stay will continue pending the final disposition of the case by the Supreme Court of the United States.

UNITED STATES CONSTITUTION
ARTICLE 1, §8, CLAUSE 7

Section 8. The Congress shall have Power . . .

* * *

[7] To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries; . . . .

UNITED STATES PATENT ACT OF 1952, 35 U.S.C.

§103. A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

§282. A patent shall be presumed valid. The burden of establishing invalidity of a patent shall rest on a party asserting it.

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement or unenforceability,

(2) Invalidity of the patent or any claim in suit on any ground specified in

Pate II of this title as a condition for patentability,

(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

(4) Any other fact or act made a defense to this title.

In actions involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at leasc thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Court of Claims, as showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or as having previously used or offered for sale the invention of the patent in suit. In the absence of such notice proof of the said matters may not be made at the trial except on such terms as the court requires.

RULE 52. Findings of the Court

(a) Effect. In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b).